

Brussels
Tuesday, 07 March 2023

CEFS POSITION

EUROPEAN COMMISSION'S PROPOSAL FOR A REGULATION ON CERTIFICATION OF CARBON REMOVALS

CEFS, the European Association of Sugar Manufacturers, takes note of the European Commission's proposal for a regulation on the Certification of Carbon Removals (CCR).

Decarbonising the beet sugar supply chain is a priority for our sector. In the field, sugar manufacturers work closely with beet growers to increase sustainability and reduce emissions, including within voluntary certification schemes. CCR can encourage further progress towards the EU's climate goals by offering concrete financial rewards to farmers who remove carbon from the atmosphere.

In the factory, the use of beet residues to produce bioenergy to power factory processes, in combination with Carbon Capture and Storage (CCS) and use (CCU) in long-lasting products/materials, would deliver carbon removals that should be appropriately rewarded.

The following elements will be key for the proper functioning of CCR in the EU:

1. **Certificates should be available to the entire agri-food supply chain, but not beyond it.** The Q&A published by the European Commission infers that sectors outside the agri-food chain could benefit from the purchase of carbon removal certificates. This could lead to speculation and even land-grabbing. It could also damage the link between farmers and downstream agri-food chain operators when it comes to cooperation on carbon removals. Keeping certificates within the agri-food chain allows for B2B supply chain to **reward farmers' additional efforts** and investments to store carbon over the long term adequately. Sugar manufacturers have increasingly been involved in supporting farmers in their transition towards more sustainable farming practices. This support contributes to creating carbon removal capacity at farm level. In line with the philosophy of the Farm to Fork Strategy and for

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the credibility of farmers' carbon removal certificates, it is important to have business models that focus on generating emission reductions and carbon removals within the value chain.

2. **The buyer of the certificates must be able to take into account the GHG emissions savings covered by the purchased certificates.** EU legislative acts (e.g. on PCF on PEF/OEF) must allow the buyer to make use of the certified emission savings for the purpose of carbon/environmental footprint calculations.
3. The proposal of the European Commission should better define the conditions for **"long-term storage" of carbon in bio-based materials.** There should be harmonised scientifically proven methodologies to measure and monitor long-term storage of carbon. The proposal leaves lots of room for future delegated and implementing acts. However, such important definitions should be integrated *ab initio* into the basic regulation in order to allow operators to anticipate opportunities to have their carbon removals certified.
4. **Sustainability criteria**, as defined in the Renewable Energy Directive and in the Sustainable Finance Taxonomy (e.g. Do No Significant Harm), will be key to certify the compliance of carbon removal activities with the quality criteria for carbon removals presented in this proposal. However, these criteria are not yet fully defined. It will therefore be important to ensure a proper coordination between the legal texts.
5. **Public funding of carbon removals should not result in a reduction of support already planned under the CAP or under other policies.** Recital 16 of the proposal says that farming practices that remove CO₂ from the atmosphere should be rewarded either via the CAP or other public or private initiatives. However, the Commission should not finance additional measures via a fixed CAP budget to the detriment of other measures. This would reduce the overall budget of the 1st and 2nd pillar of the CAP. It should be clear who is going to develop, and to support the financial cost of developing, new certification schemes.
6. **A distinction should be made between carbon farming certificates for grassland or carbon farming for arable soils** as long-term storage is much more difficult in arable soils. To create a revenue model for arable farmers, a higher price for certificates will probably be required than for livestock farming with lots of grasslands.
7. **The proposed definition of carbon farming should be extended to consider mitigation measures.** Under the current definition only "net greenhouse gas removals" are eligible for certification. Mitigation measures (e.g. precision farming) are not included, although they help to reduce GHG emissions and have a real cost for

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farmers. By extending the scope of the regulation to mitigation measures and maintaining soil humus content (instead of only increasing it), the regulation would act as a stepping stone for farmers to work their way up to carbon removal activities. Extending the scope of the regulation to maintaining soil humus content would also help to compensate farmers who already have put carbon sequestration measures in place (e.g. reduced tillage) and thereby already have a higher humus content in the soil that is difficult to increase further.

8. **The publication of sensitive data should be carefully assessed.** Annex II goes too far by proposing the publication of sensitive data, such as contact details of the operator as well as the location of the carbon removal activity. In addition, article 15 empowers the Commission to adopt delegated acts to adapt the list of minimum information included in the certificates. Stakeholders should be carefully considered and have the opportunity to represent their interests whenever the Commission amends Annex II.